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Public Hearing – March 3, 2022
Energy & Technology Committee

Testimony Submitted by Commissioner Katie S. Dykes

S.B. No. 176 - An Act Concerning Shared Clean Energy Facilities
Thank you for the opportunity to present testimony regarding **Senate Bill No. 176- An Act Concerning Shared Clean Energy Facilities.**

The Department of Energy and Environmental Protection (DEEP) **supports this bill in part and opposes it in part, and suggests some modifications,** as discussed in more detail below.

Section 1 of this bill would increase the individual project size maximum under the Non-Residential Renewable Energy Solutions program from 2 MW to 5 MW. While this would alter this program from a small-scale distributed generation program to allow larger, grid-scale projects, DEEP does not oppose this section, as long as projects remain sized based on the customer's load at the project site, with the exception of rooftop projects as discussed in our testimony on Section 4 below.

Section 2 of this bill proposes DEEP require that no less than 40 percent of shared clean energy facilities (SCEFs) that are developed be located in Environmental Justice Communities. DEEP notes that the physical location of a SCEF facility may not necessarily bring benefits to the facility host community. Rather, subscribers to a SCEF can live anywhere within the Electric Distribution Company (EDC) territory in which the SCEF is sited. In other words, a SCEF that is sited in an environmental justice community does not necessarily benefit that community any more than a SCEF sited in a non-environmental justice community. DEEP recommends focusing efforts to broaden the benefits of the SCEF program towards ensuring subscriptions go to low-income customers or those who reside in environmental justice communities, as discussed in more detail below. Section 2 of this bill also proposes to codify a subscriber breakdown that differs from the one established in the Public Utilities Regulatory Authority's (PURA) Final Decision in Docket No. 19-07-01RE01 Review of Statewide Shared Clean Energy Facility Program Requirements- Customer Enrollment. In the Decision, PURA allocates 20 percent of SCEF output to low-income customers, 20 percent to small business customers, 40 percent to low- and moderate-income customers, low-income service organizations, and affordable housing landlords, entities, and facilities, and 20 percent to any eligible customer, which is anyone in one of the aforementioned groups or anyone who is not in one of those groups but does not control their rooftop or cannot install solar panels. The bill proposes requiring 20 percent of each SCEF

be subscribed by low-income customers and an additional 60 percent of each SCEF be subscribed by low- and moderate- income customers and low-income service organizations. DEEP supports the efforts of this bill to expand subscribership to low-income and moderate-income customers and proposes to expand this requirement even further by maintaining the 20 percent low-income minimum, and requiring the remaining 80 percent be subscribed to low-income customers, moderate-income customers, low-income service organizations, or customers who reside in environmental justice communities. This will ensure the on-bill savings associated with the SCEF program go to underserved and overburdened customers.

Section 3 of this bill would increase the annual procurement cap under the SCEF program from 25 MW to 35 MW. DEEP supports this expansion of a program that is intended to benefit underserved and overburdened customers, particularly if the subscribership requirements are changed as DEEP proposes above so that 100% of the subscriber credits flow to low and moderate income customers.

Section 3 would also allow any unused MWs in any given procurement year to rollover into the next year's procurement. While DEEP shares the interest in ensuring the program caps for the various distributed generation programs are reached, DEEP is concerned that allowing rollover could have unintended consequences. That provision was initially included in this statute to prevent gaming of the competitive procurement process, particularly in The United Illuminating service territory, which is smaller and typically has less competition and fewer developers participating. With fewer developers competing and MWs rolling over from year to year, there is less of an incentive for developers to maximize efficiencies in any given procurement year to capture all available capacity, and a potential to withhold bids in one year in an attempt to affect the price cap in subsequent years. This concern is hopefully alleviated through the administrative rule to impose a price cap for each resource category, but DEEP remains concerned about the impact this change could have on the competitive process.

Section 4 of this bill would allow the electric distribution companies to submit a proposal to DEEP to own SCEFs using solar power. DEEP opposes this section as it does not appear to require the utilities to compete, as all other developers are required to do. Carve-outs for the utilities to develop solar projects, insulated from competition, is a proven recipe for burdening ratepayers with unnecessarily costly solar generation. Moreover, it would not be possible within the current structure for the EDCs to compete, as the EDCs are responsible for conducting the competitive solicitation and selecting projects under the SCEF program. DEEP supports the work of this competitive solicitation by reviewing certain siting information about proposed projects, but the ultimate selections are done by the EDCs.

Section 4 of this bill would also allow the entire rooftop to be used for commercial or industrial customers who participate in the Non-Residential Renewable Energy Solutions program. DEEP strongly supports this section because it allows for existing rooftop spaces to be utilized for renewable energy resources participating in the program, regardless of the electric load of the building. Siting solar can be challenging and there is no question that already developed land, like rooftop space, should be maximized. This section alleviates the need to site renewable resources in undisturbed areas like forestland. This section also appropriately limits the

elimination of the size to load requirement for participating in the Non-Residential Renewable Energy Solutions program to rooftop projects. Beyond those rooftop projects, it is important to require renewable energy projects to be sized according to the load at the customer's site in this program to ensure the benefits of a distributed generation project are realized (i.e. sited at or near electric load pockets to reduce the strain on the distribution system) and prevent isolated projects that are not located near electric load from receiving the higher incentive meant for distributed energy resources. DEEP suggests the following minor edit to the language to ensure the intent is accurately reflected:

"(NEW) (g) Notwithstanding the size-to-load provisions of subdivision (4) of subsection (a) of this section, the entire rooftop space of a customer's own premises developed pursuant to subparagraph (B) of subdivision (1) of subsection (a) of this section and owned by a commercial or industrial customer may be used for purposes of electricity generation and participation in the solicitation conducted by each electric distribution company pursuant to subdivision (4) of subsection (a) of this section."

DEEP welcomes the opportunity to work with the committee to address the specific aspects of the bill noted above.

Thank you for the opportunity to present testimony on this proposal. Should you have any questions, please do not hesitate to contact Harrison Nantz at Harrison.Nantz@ct.gov.